

109TH CONGRESS
1ST SESSION

H. R. 629

To extend the possession tax credit with respect to American Samoa an additional 10 years.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2005

Mr. FALEOMAVAEGA introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To extend the possession tax credit with respect to American Samoa an additional 10 years.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Samoa Pos-
5 session Tax Credit Act of 2005”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The United States territory of American
9 Samoa lies 2,300 miles southwest of Hawaii, covers
10 a land area of 76 square miles, has a population of

1 less than 60,000, and a per capita income of \$4,300
2 per year.

3 (2) Due to scarcity of land, labor, and capital,
4 economic growth and development in American
5 Samoa has been limited.

6 (3) In fact, more than 80 percent of American
7 Samoa's economy is dependent either directly or in-
8 directly on two United States tuna canneries which
9 employ more than 5,150 people or 74 percent of the
10 workforce.

11 (4) A decrease in production or departure of
12 one or both of the two canneries in American Samoa
13 could devastate the local economy resulting in mas-
14 sive layoffs and insurmountable financial difficulties.

15 (5) Although wage rates are \$0.60 and less per
16 hour in other tuna catching nations and \$3.60 per
17 hour in American Samoa, the possession tax credit
18 offered by section 936 of the Internal Revenue Code
19 of 1986 has encouraged both canneries to remain
20 and invest in the Territory.

21 (6) Such credit is scheduled to expire at the end
22 of 2005 and this may likely lead to the departure of
23 one or both canneries.

24 (7) To protect American Samoa's present econ-
25 omy and to encourage and foster other investment

1 and development in the Territory, it is necessary to
2 make permanent or extend the possession tax credit
3 with respect to American Samoa an additional ten
4 years.

5 **SEC. 3. EXTENSION OF POSSESSION TAX CREDIT WITH RE-**
6 **SPECT TO AMERICAN SAMOA.**

7 (a) IN GENERAL.—Subparagraph (A) of section
8 936(j)(8) of the Internal Revenue Code of 1986 (relating
9 to special rules for certain possessions) is amended by in-
10 serting before the period at the end the following: “(Janu-
11 ary 1, 2016, in the case of American Samoa)”.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall apply to taxable years beginning after
14 December 31, 2005.

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